

involved in a situation in which negotiations were being undertaken without the ground having been properly prepared. That is why we think it better that patient progress should be made towards a negotiation now in the interests of minimizing the risks of failure later.

As a first priority, I should say that there must be a relaxation of tensions in Vietnam. But, if that is to happen, it will require a genuine disposition by all concerned to see this situation settled through the instrument of negotiation. And I am sorry to say that all our soundings have not yet disclosed such a disposition on the part of either North Vietnam or Communist China. Furthermore, within the last week, the Soviet Union has refused categorically to associate itself with any call to a conference to settle this problem on a peaceful basis.

PRESUPPOSITIONS OF A SETTLEMENT

The immediate prospects for a negotiation cannot, therefore, be said to be encouraging. And I do not think it would be profitable, in these circumstances, to try to speculate on the precise elements of such a negotiation. There are three general points, nevertheless, which I believe can usefully be made at this stage:

*First*, there will have to be a cease-fire of some kind in the area. The North Vietnamese have been calling for the cessation of United States raids on North Vietnamese territory. The United States, for their part, have been insisting on the cessation of infiltration and aggression from North Vietnam. It occurs to me that there may be a possibility of balancing off these positions as part of the process of paving the way for a negotiation.

*Second*, any negotiation, when it comes about, must be meaningful. In other words, it must be a negotiation, not a capitulation. It must be based on the readiness of all concerned to modify their existing policies, to enter into commitments for the future, and to be prepared to abide by those commitments.

*Third*, the past history of events in Vietnam and the tragic course these events are taking at present make it abundantly clear, I think, that there must be an assumption of responsibility by the international community in relation to any ultimate settlement in that area. What form that responsibility might take, whether it takes the form of guarantees or whether it takes the form of a continuing international presence, are matters to be settled in the course of negotiation. But I doubt if there can be any durable settlement in Vietnam which will not, in one way or another, involve international backing.

The problem of Vietnam has caused deep anxiety in Canada. It is only natural, therefore, that we should ask ourselves what part there may be for Canada to play in reversing the course of events in that area.

Of course, the ordinary diplomatic channels are available to us. We have used these, and shall continue to use them, vigorously, to urge restraint on all concerned, to see if there is any contribution we can make towards preparing the ground for negotiations and, generally, to probe any openings there may be for useful initiatives. Canada has no direct

interests in Southeast Asia, and I think that may help to enhance the opportunities that are open to us.

CANADA ON INTERNATIONAL COMMISSION

Then there is our membership of the International Commission. I still think that the Commission, by its very presence, exercises a certain restraining influence on developments, though I should not want to put it higher than that. It is also just conceivable that, being composed as it is, the Commission could serve as a channel of contact if that were desired at any stage by any of the parties. Meanwhile, the Commission has a continuing responsibility to draw attention to any violations of the Geneva arrangements. It must carry out that responsibility objectively and impartially. And it must be concerned at all times to assess events in the balance of the total situation in Vietnam. This we have endeavoured to do, and this is the direction in which we shall continue to apply our efforts so long as we think there is a useful part for us to play.

In the final analysis, of course, there may be limits to the influence we can bring to bear on an issue of this kind. These limits are inherent in the status of any middle power in the world today. But they do not in any way diminish our responsibility in a situation which is so pregnant with danger as the situation facing us in Vietnam and which is threatening to set back much of the progress we have made over the past two decades towards arriving at acceptable norms of international conduct and co-operation. It is a source of regret to us that, for the time being at least, there is no clear prospect of the United Nations being able to play the part we would expect it to play in this situation. For the United Nations represents the highest expression of the collective will and the collective interest of the international community as a whole, and the situation in Vietnam is a situation in which the interests of the international community are, and will continue to be, deeply engaged.

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RECORD SALES BY POLYMER

Record sales of \$114,291,000 were posted by Polymer Corporation Limited and subsidiary companies last year - the first time that the company's sales have exceeded the \$100-million mark. This was made known recently by Mr. C.M. Drury, the Minister of Industry, in releasing the company's annual report for 1964.

The net profit (\$9,450,000) was up slightly from the 1963 figure (\$9,138,000). Mr. Drury noted that, while consumption of synthetic rubber continued to rise, significant over-capacity caused intense price competition in world markets. During the year certain countries imposed protective trade measures that adversely affected Polymer's income from export sales. The company's favourable profit under these conditions was a result of increased capacity, technological improvements, diversification of product line and improved distribution.

Capital expenditures were reported at \$7,810,000 and dividends in the amount of \$4 million were paid into the Consolidated Revenue Fund.